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300514Z Aug 05

UNCLAS SECTION 01 OF 02 WELLINGTON 000664

SIPDIS

SENSITIVE

STATE FOR EAP/ANP, EAP/RSP, EAP/EP, INR/EAP  
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E.O. 12958: N/A

TAGS: [PREL](#) [PGOV](#) [NZ](#)

SUBJECT: NZ ELECTIONS: A MINOR ROLE FOR ACT, UNITED FUTURE,  
AND PROGRESSIVES

REF: WELLINGTON 70

[1](#)1. (SBU) Summary: Recent polling suggests that the September 17 general election will likely be a head-to-head contest between the two major parties, Labour and National. Such a result would diminish the role of the minor parties in the next Parliament. Since introduction in 1996, New Zealand's mixed member proportional (MMP) electoral system (reftel), every general election has delivered a coalition government where minor parties have held the balance of power. At this point, only two minors: NZ First and the Greens, are polling enough support to play that role as parties and therefore negotiate a significant role in any government that includes them. This cable highlights three other small parties -- ACT, United Future, and the Progressives. Although they are unlikely to have a major influence on future government policies, these parties' MPs may help a future coalition government get a majority of Parliament seats. They may also hold Cabinet positions.

ACT New Zealand  
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[1](#)2. (SBU) The ACT party positions itself as the bastion of free markets and personal freedom. Long seen as a natural coalition partner for the more centrist National Party, ACT is polling poorly as a party and at this point seems unlikely to win a constituent seat. (Currently, all nine ACT MPs hold list seats.) There are three related reasons for ACT's potential departure from the national political scene: (i) an inability to attract enough voters to cross five percent party vote threshold needed if no candidate wins an electorate seat; (ii) a failure to appeal to the National Party as a viable coalition partner in-waiting, and (iii) a failure to stop a flow of support from ACT to a resurgent National.

[1](#)3. (SBU) Not surprisingly, ACT's leader, Rodney Hide, has been beating a steady mantra of late: that without the support of ACT, even if National finds itself in a position to form a government after the election it will have little chance of implementing tax cuts and other policies. But National has until now eschewed open support of Act as a possible coalition partner, in large part to convince voters to give their Party vote to National. As Labour continues to lead in the polls, however, National leader Don Brash has begun to publicly state that his party could work with ACT in government. He also has not ruled out National's withdrawing a candidate from a local electorate race in order to give ACT the seat. The likely spot for this would be Epsom, constituency of ACT leader Rodney Hide. This would enable ACT to retain that seat, plus possibly gain additional seats up to the percentage of the share of party votes that are cast for ACT.

United Future  
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[1](#)4. (SBU) Centrist party United Future,s claims a "pragmatic" versus ideological approach to politics. Placing the family at the center of its policy making United Future says it wants to empower communities and put the interests of the country ahead of "petty" politics. In 2004, United Future entered into a modified coalition agreement with Labour by agreeing to support the government on all issues surrounding spending and votes of confidence (confidence and supply). However, due to recently poor polling, United Future faces a diminished presence in the next parliament. It is currently polling well below 5%, although analysts agree party leader Peter Dunne at least will probably win his electorate seat.

[1](#)5. (SBU) At present, United Future has not committed its post-election allegiance, instead making overtures to both Labour and National. Unlike any other minor party, both Labour and National would welcome United Future into either a formal partnership or support arrangement. There are rumors that Dunne wishes to be Minister of Foreign Affairs in any

coalition government. (NB: He has served as a cabinet minister in both parties' governments.) A diminished United Future presence could mean a future Labour-led coalition would be less stable. In spite of some distinct differences over social policy, United Future has been a key peacemaker in the current government, the longest lasting coalition since the MMP electoral system began in 1996. Notwithstanding this recent cooperation, United Future will not automatically align with Labour after the election. On crime, Treaty of Waitangi issues, labor regulation, tax and social policy, United Future more closely reflects the more conservative National Party.

#### The Progressive Party

16. (SBU) The Progressive Party is presently the junior partner in the governing coalition, being to the left of its Labour ally. It currently holds two seats in parliament, one belonging to leader Jim Anderton and the other to Matt Robson. Despite being left-wing on economic issues, the Progressive Party focuses particularly on economic development and job creation, espousing full employment and even favoring a cut in corporate tax rates. Jim Anderton is currently the Minister of Economic Development. The party also promotes free education and free healthcare. It also favors maintaining a zero tolerance position on drugs.

17. (SBU) In reality, The Progressives, influence on Government does not carry much weight. The party's profile and name recognition is low, and their voice is more often than not muted inside and outside of parliament. As a result of this, Labour views the Progressives as a low risk partner in government. At present, the Party hardly registers in national polling. However, Anderton is well supported in his constituent seat, and along with Robson, should be returned to parliament in the new term. If Labour is restored to power, expect The Progressives to once again occupy a similar role in government.  
Burnett